

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Local Exchange Carriers' Rates, Terms, and)
Conditions for Expanded Interconnection)
Through Virtual Collocation for Special)
Access and Switched Transport)

CC Docket No. 94-97,
Phase I

DOCKET FILE COPY ORIGINAL

**REBUTTAL TO OPPOSITIONS TO
U S WEST COMMUNICATIONS, INC. DIRECT CASE**

Kathryn Marie Krause
Suite 700
1020 19th Street, N.W.
Washington, DC 20036
(303) 672-2859

Attorney for
U S WEST COMMUNICATIONS, INC.

Of Counsel,
Laurie J. Bennett

April 11, 1995

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**REBUTTAL TO OPPOSITIONS TO
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I. INTRODUCTION AND SUMMARY

U S WEST Communications, Inc. (or "U S WEST") herein responds to those filings made in opposition to U S WEST's Direct Case.¹ The vast majority of those filings take umbrage with U S WEST's disagreement with the Federal Communications Commission's ("Commission") and the Common Carrier Bureau's ("Bureau") policy determination with respect to the "comparability" of certain services vis-à-vis our Virtual Expanded Interconnection ("VEIC") services -- this, despite the fact that we were asked to comment on the matter. These parties argue that U S WEST is not at liberty to dispute the "comparability" of services such as DS1 or DS3 or Self

¹ U S WEST Communications, Inc.'s Direct Case filed herein Mar. 21, 1995. Oppositions to the Direct Case were filed Apr. 4, 1995, by MCI Telecommunications Corporation, Electric Lightwave, Inc. ("ELI"), MFS Communications Company, Inc. ("MFS"), McLeod TeleManagement, Inc. ("McLeod"), Teleport Communications Group Inc., and Time Warner Communications Holdings, Inc. A Response to Phase I Direct Cases by the Association for Local Telecommunications Services ("ALTS") was also filed Apr. 4, 1995.

Healing Alternate Route Protection (“SHARP”) with VEIC services, as such “comparability” has already been determined by the Commission. Furthermore, these parties argue that, regardless of U S WEST’s position on “comparability,” we were not free to fail to provide information demanded by the Bureau.²

These parties misread both the Bureau’s TRP Order³ and its Investigation Order,⁴ as well as U S WEST’s Direct Case. Regardless of U S WEST’s position regarding the “comparability” of certain services to VEIC services, a position that we have no obligation to hide or obfuscate, we responded directly and in full (with but one minor exception, discussed below) to the questions posed by the Bureau in the Investigation Order. Our compliance is outlined below.

II. INFORMATION PROVIDED REGARDING “COMPARABLE” SERVICES

In the Bureau’s TRP Order, the Bureau made the following remark: “For purposes of this request, these special access and switched services for which overhead factors must be listed are not limited to the generic electrical and optical services. They also include the discounted volume and term services; channel termination services; interoffice service comprised of channel terminations and chan-

² Compare ALTS at 16 n.11.

³ See In the Matter of Commission Requirements for Cost Support Material To Be Filed with Virtual Collocation Tariffs for Special Access and Switched Transport, Tariff Review Plan Order, 9 FCC Rcd. 5679 (1994) (“TRP Order”).

⁴ See In the Matter of Local Exchange Carriers’ Rates, Terms, and Conditions for Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport, CC Docket No. 94-97, Phase I, Order Designating Issues for Investigation, DA 95-374, rel. Feb. 28, 1995 (“Investigation Order”).

nel mileage; and any specialized service offerings, e.g., self-healing network services.”⁵ There is nothing in the current record or the Investigation Order that suggests U S WEST did not comply with this requirement. We did.

Furthermore, there was nothing in the Investigation Order that required we comply with the TRP Order requirements a second time. When the Bureau issued its Investigation Order, the Bureau noted that none of the local exchange carriers (“LEC”) mandated to provide virtual collocation had used uniform overhead loadings with respect to their high capacity special and switched access services vis-à-vis their VEIC services.⁶ And, the Bureau was of the opinion that the lack of uniformity had not been sufficiently justified. The Bureau determined that, “it appeared that the great disparity in loadings primarily reflected market conditions; most LECs tended to assign low overheads in markets where they faced actual or potential competition from interconnection, and high overheads where they did not.”⁷ The Bureau concluded that “most LECs’ proposed overhead loadings appeared unreasonable.”⁸

As a result, the Bureau established in its Investigation Order certain very specific questions that it requested LECs respond to. For example, in paragraph 17, the Bureau asked whether LECs thought there were “additional services that

⁵ TRP Order, 9 FCC Rcd. at 5682 ¶12 (footnotes omitted).

⁶ Investigation Order ¶ 8.

⁷ Id.

⁸ Id. (footnote omitted).

should be considered comparable services” to VEIC service.⁹ Having been asked, U S WEST was certainly well within the bounds of propriety in stating our fundamental position: we do not believe that any of our other common carrier services are comparable to our VEIC services. Thus, we certainly did not think that there were “additional” ones to add.

Next U S WEST was required to “list all of [our] unit investment components, and all of the annual cost factors applied to those components,”¹⁰ not for each service that the Commission or the Bureau in its TRP Order had previously identified as “comparable” but only for four services specifically referenced in the Investigation Order: “DS1 virtual collocation service; DS3 virtual collocation service; a comparable DS1 service with the lowest overhead loading; and a comparable DS3 service with the lowest overhead loading.”¹¹ U S WEST did that, as well. We identified, from the list proffered by the Bureau, the services we considered “most comparable” to our VEIC service, and explained that we did not consider SHARP to be comparable because of the way in which it was provisioned.¹²

⁹ Id. ¶ 17(a).

¹⁰ Id. ¶ 17(b).

¹¹ Id.

¹² See U S WEST Direct Case at 4. Our SHARP service utilizes a ring architecture, a network provisioning model very different from our VEIC services. From the perspective of network provisioning, our DS1 monthly channel termination rate element (excluding SHARP and interoffice mileage) and our DS3 Capacity of One monthly rate element (excluding interoffice mileage) are certainly “more comparable” than SHARP. They are month-to-month services and contain, like VEIC services, no interoffice mileage. While SHARP may be provisioned in a way that is similar to our competitors’ retail ring services (thus, suggesting that we might offer a retail service “comparable” to our competitors’ retail service, see, e.g., MFS at 16; ELI at 5-6; McLeod at 4-5), it is hardly “comparable” to our network VEIC services.

Next, U S WEST was required to “explain whether the annual cost factors were applied in the same manner”¹³ not to any and all other (theoretically) comparable services, or even those described as comparable in the TRP Order, but only “for the two virtual collocation services and the two comparable services”¹⁴ we identified in response to the above question, specifically the DS1 monthly channel termination rate element (excluding SHARP and interoffice mileage) and the DS3 Capacity of One monthly rate element (excluding interoffice mileage).¹⁵ If the same factors were not used with respect to the services identified, U S WEST was required to explain. U S WEST complied with the information request here as well.

Next, U S WEST was to list certain investments and cost components not for each service which the Commission or Bureau might have deemed or declared “comparable” in some prior Order, but with respect to the “comparable DS1 and DS3 services identified in [paragraph 17] (b)”¹⁶ -- again the DS1 monthly channel termination rate element (excluding SHARP and interoffice mileage) and the DS3 Capacity of One monthly rate element (excluding interoffice mileage). U S WEST provided this information.

Another information requirement was that U S WEST submit certain data “detailing the percentage of DS1 and DS3 channel terminations that are sold with-

¹³ Investigation Order ¶ 17(c).

¹⁴ Id.

¹⁵ Id.

¹⁶ Id. ¶ 17(d).

out interoffice mileage.”¹⁷ Lacking the information in precisely the form requested by the Bureau, U S WEST responded to the best of our ability with respect to this information request.

The one and only area in which U S WEST might not have totally complied with the Bureau’s requests resulted from an oversight on U S WEST’s part and produces no prejudice to any party. With respect to a single information requirement, the Bureau references back to the TRP Order and its discussion of comparability, rather setting up certain comparisons specific to the Investigation Order.

In paragraph 17(e), the Bureau states that “[i]f a LEC concludes that any of the comparable services described in the TRP Order should not be considered comparable, it should explain how the investment components of those services differ from the investment components of the corresponding DS1 or DS3 virtual collocation services.”¹⁸ Clearly, U S WEST was invited to comment on whether or not we considered the services already described in the TRP Order to be really comparable (and comment we did). However, having accepted the invitation to comment on the fact that we considered the services earlier identified in the TRP Order not to be “comparable,” we failed to provide the investment component information that was required from one coming to that conclusion. The investment components of the services we deem “not comparable” (all services discussed in the TRP Order other

¹⁷ Id. ¶ 17(f).

¹⁸ Id. ¶ 17(e) (footnote omitted).

than VEIC services), are attached as Attachment A to this filing. U S WEST apologizes for our oversight in this regard.

For the record, however, and to allay certain of the unfounded and misguided allegations and arguments that were made with respect to our Direct Case, U S WEST did submit information on SHARP in September, 1994, with respect to Transmittals 530 and 531¹⁹ which show that a DS3 with SHARP, capacity of 36, 120-month term,²⁰ optical, had an overhead loading factor of 2.2076. The difference between this figure and that proffered by certain opponents of our Direct Case is the result of the fact that the opponents provide an overhead factor applicable to a “stand-alone SHARP,” which does not exist. SHARP is not sold without a separate channel termination rate element (be it a DS1 or a DS3). Thus, SHARP (and any overhead loading discussion involving SHARP) can only be meaningful where the overhead loading associated with SHARP is combined with the overhead loading of a necessary channel termination.

The 2.2076 represents such a combined overhead factor. Therefore, even if the Bureau were inclined to consider SHARP as the “more comparable” offering to our VEIC services than the ones U S WEST identified in our Direct Case, it is clear that an overhead loading factor of 1.07, as suggested by certain opponents based on

¹⁹ See U S WEST Transmittal Nos. 530 and 531, filed Sep. 1, 1994. Portions of those transmittals relevant to our rebuttal are attached hereto as Attachment B. Transmittal Nos. 530 and 531 were identical with respect to the information being provided.

²⁰ The 120-month term is not generally in great demand. However, the overhead loading associated with this term is the same as the 60-month term.

a 1990 SHARP tariff filing,²¹ would not be the appropriate overhead factor.

U S WEST would be happy to apply a 2.2076 overhead loading factor to our VEIC services, should our opponents continue to press the logical and legal legitimacy of their “comparability” arguments.

One other argument of our opponents should be addressed, although U S WEST fails to see the relevance of the argument. MFS references a tariff filing made by U S WEST²² in which U S WEST separated our existing switched transport Entrance Facility (“EF”) into electrical and optical rate elements. In MFS’ reference, it seems to argue that, because U S WEST did not consider the switched access EF as a comparable service to the VEIC elements and, therefore, did not provide detailed cost data for the EF, the overhead loading factor for the EF must surely be lower than that used for U S WEST’s VEIC rate elements.

In the tariff filing referenced by MFS, U S WEST restructured our EF rate for DS3 EF because the existing electrical EF rate was used for both electrical and optical. Since we felt it inappropriate to charge electrical rates for an optical facility, U S WEST restructured the DS3 EF rate into an electrical and an optical rate. Both the electrical and optical switched access rates match the month-to-month DS3 capacity of two rates for the DS3 Private Line Transport Service. This results in the DS3 Optical EF having an overhead loading factor of 1.949, well above the 1.30

²¹ See MFS at 16-18; ELI at 4-5; McLeod at 5.

²² See MFS at 18 (referencing U S WEST Tariff F.C.C. No. 5, Transmittal No. 589, issued February 1, 1995).

overhead loading currently permitted with respect to our VEIC services. Here again, U S WEST would be more than willing to adjust our VEIC rates up by incorporating a 1.949 factor.

The real complaint of our opponents seems to be that U S WEST disagrees with the fundamental philosophical position of the Commission, the Bureau and the interconnectors,²³ rather than that we failed to provide adequate information. Contrary to ELI's assertion, we did not use our philosophical opposition "to avoid [our] obligations under the [Investigation] Order."²⁴ On the contrary, we were in substantial compliance with the requirements of that Order. Our Direct Case cannot be characterized as contemptuous, "disingenuous,"²⁵ or dilatory.

²³ ALTS asserts, for example, that comparability is determined by reference to "the viewpoint of the customer." ALTS at 17. There might be some confusion here. In determining whether a service is a "like" service for purposes of 47 USC § 202(a), the perspective of the customer is critical. For purposes of determining whether two services, with different "customers" of each service, are "comparable," one must go elsewhere, or at least beyond, the sole opinion of one of the customers. Interconnectors purchasing VEIC services are not, in such context, automatically customers of DS1/DS3 services; customers of DS1/DS3 services are not customers of VEIC services. In such a situation, "comparability" is not determined by the opinion of one customer with respect to a product that they do not purchase. While such opinion might be articulated and might be persuasive with regard to a policy decision-maker, its persuasiveness does not stem from it being an accurate statement of the law. Thus, U S WEST stands by its "techno-blather" (*id.*) with respect to our position.

²⁴ ELI at 4.

²⁵ ALTS at 5.

III. OTHER MISCELLANEOUS OBJECTIONS

A. Volume and Term Discounts

Our VEIC service is a month-to-month service. As a result, there are no term or volume “discounts” associated with the service. And, the overhead loading factors are based on the month-to-month nature of the term. At this time, U S WEST is unwilling to change this tariff structure. Accordingly, the application of overhead factors applicable to a “term” agreement would be inappropriate.

Furthermore, and again referencing the materials we filed in September of 1994,²⁶ a perusal of the overhead factors applied to our DS1 and DS3 channel terminations, with or without SHARP, with terms ranging from monthly to 120-months, demonstrates a range of overhead loading factors from 1.4003 to 2.9105.²⁷ Thus, it is impossible for U S WEST to see how an interconnector could be harmed by continuing with our month-to-month VEIC service, currently utilizing an overhead factor of 1.3, as prescribed by the Commission. Indeed, U S WEST continues to believe that overhead loading factors of 1.71 to 1.73, which we advocated in our original

²⁶ See Attachment B at 2-8.

²⁷ This information is far more timely than that cited by MFS in its filing. See MFS at 17 n.46 (and its reference to a 1991 U S WEST filing (U S WEST Tariff F.C.C. No. 1, Transmittal No. 222, issued Dec. 31, 1991), which addressed a service offering involving “36 DS3 circuits for term commitments of up to 10 years.”).

tariff filing,²⁸ are the most appropriate overhead loading factors to be used with respect to our VEIC services.

B. Promotional Offerings

MFS argues that promotional offerings are “services” “comparable” to VEIC services.²⁹ The fundamental problem with this argument is that promotional “offerings” are not services at all. Promotional offerings represent marketing decisions with respect to the creation or stimulation of increased demand. They are generally short-term, generally applied to retail market offerings, and form no basis of the long-term costing/pricing structure of the underlying service.

Having said all that, it is clear that U S WEST is not absolutely opposed to allowing a promotional offering to apply to VEIC services,³⁰ in those circumstances where a business decision has been made that the extension of the promotion makes sense.³¹ We would, however, object to the approach suggested by MFS: that the Bureau establish some broad-based, generic rule that all LEC promotions should extend to VEIC services, including (apparently) all elements of the VEIC service.³² Such a broad ruling is totally unnecessary.

²⁸ See supra note 19.

²⁹ See MFS at 19-22.

³⁰ See U S WEST Direct Case at 2-3; MFS at 19-20 (commenting on U S WEST's position).

³¹ A factor in this decision would be whether the failure to extend the promotion would be perceived as unfair or anti-competitive -- a different factor than usually goes into a decision to offer promotions at the retail level.

³² MFS at 21.

When LECs introduce promotions in tariffs, there is the opportunity to review the scope and the extent of the promotion. If purchasers of VEIC services are included, there has been no “harm,” either real or perceived. If they are not included, undoubtedly the LEC Description and Justification will explain why they were excluded. If there is no discussion of the matter, or if the explanation is unsatisfactory to an interconnector, an interested interconnector can Petition to Reject the proposed tariff. Given the fact that promotional offerings are tied to specific common carrier offerings, and that their scope and extent is so easily addressed via the tariff process, there is no good reason to establish, in advance and in the absence of specific fact showings, a prescriptive rule in this area.

C. Annual Cost Factors

1. Annual Cost Factors Change Annually

MFS contends that U S WEST used significantly lower annual cost factors for the DS3 costs as compared to the EICT.³³ U S WEST agrees that the factors are different.³⁴ They are different because: (1) the cost studies were completed in different years (1993 and 1995); and (2) the cost study years were different (1993 and 1995). The DS3 cost study which MFS references was completed in 1993, utilizing 1993 costs. The EICT cost study was completed in 1995 and used 1995 costs, reflecting

³³ See MFS at 17-18.

³⁴ See U S WEST Direct Case at 5-6.

the latest 1995 cost factor release for U S WEST. Cost factors are usually revised each year and are based on the most current information available.

2. Refund of Overheads

MFS is in error, at least for U S WEST, when it states the "LECs incorporate overheads into nonrecurring charges by application of an annual cost factor."³⁵ It is true that U S WEST used expense factors to develop the direct costs for its EIC nonrecurring charges. However, the expense factors applied by U S WEST were not annualized but represented one-time expenses. The operating expenses associated with the line and staff operations are for the initial installation of the EIC rate elements. Since U S WEST did "not apply annual cost factors" to our one-time charges but, rather, "incur[red] all nonrecurring costs 'up front'," in MFS's own words, "no refund mechanism is necessary."³⁶

D. Recovery of Overheads in Nonrecurring Charges

Since U S WEST's VEIC service is a month-to-month service, all the nonrecurring costs are recovered through nonrecurring charges.³⁷ While it is correct that, in certain circumstances, we recover certain nonrecurring charges through recurring rates with respect to our high capacity services offered pursuant to term

³⁵ MFS at 23.

³⁶ Id.

³⁷ See U S WEST Direct Case at 12-13.

agreements, the lack of a term option with respect to VEIC services renders such a cost recovery model inappropriate.

Furthermore, since U S WEST will shortly be filing a tariff to implement what has become known in the trade as the "\$1.00 deal," there is no need to "spread" the costs of the VEIC equipment out over time. The LEC should be able to recover the costs of installation, engineering and training immediately (especially in a month-to-month environment). If the Bureau were to allow the recovery of these logically noncurring costs to be recovered via a recurring charge, the interconnector could lawfully discontinue service two months after installation leaving the LEC with unrecovered costs. Additionally, the LEC would be required to turn back the VEIC equipment to the interconnector. The LEC, then, would have no asset in its central office to which its newly-developed "expertise" would pertain and no ability to put the VEIC equipment to the general use of the public telephone network.

IV. CONCLUSION

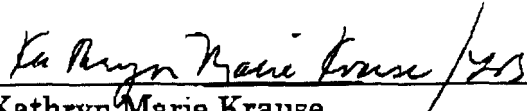
For the above-stated reasons, the Bureau should reject the oppositions filed against U S WEST's Direct Case. We have provided the information requested by

the Bureau and answered the questions asked. Having fully performed that which was asked of us, the objections of opponents to our Direct Case should be dismissed.

Respectfully submitted,

U S WEST COMMUNICATIONS, INC.

By:


Kathryn Marie Krause
Suite 700
1020 19th Street
Washington, DC 20036
(303) 672-2859

Its Attorney

Of Counsel,
Laurie J. Bennett

April 11, 1995

ATTACHMENT A

At paragraph 17(e) of the Investigation Order, the Bureau requested that U S WEST identify the investment components of the services deemed comparable in the TRP Order, if U S WEST does not agree with the Bureau's conclusions regarding comparability. The services listed in the TRP Order were: (1) DS1 and DS3 point to point special access services, DS1 and DS3 switched transport services (if the rates for these switched services differ from the special access services) (which, in U S WEST's case, they do not); (2) volume and term services; (3) interoffice services comprised of channel terminations and mileage; and (4) specialized service offerings, e.g., self-healing network services. Once the investment components were identified, they were to be compared to the EIC DS1 and DS3 services. Differences were to be explained.

As demonstrated in the comparison of investment components below, the components of the U S WEST DS1/DS3 EIC and special access DS1/DS3 services are entirely different. The reason for the difference is that the DS1/DS3 EICs only connect the interconnector designated equipment ("IDE") in the U S WEST central office with another U S WEST access service within the same central office. They do not extend out to the customer's premises. Quite the contrary, DS1 and DS3 services connect U S WEST equipment in the central office with a customer's premises. Hence, the need for additional investment components.

From an investment component standpoint, the volume and term discount rate elements are not "services" different from the special access services (e.g., DS1 and DS3). Volume and term discounts are pricing plan features, based on a customer's commitment to purchase a certain capacity or volume of services and/or to continue to purchase (and be financially liable for) service for an extended period of time.

SHARP services are options to the DS1 and DS3 services. As such, from an investment category standpoint, SHARP services add additional investment to the DS1 and DS3 services, as shown below.

The switched access Entrance Facility ("EF") utilizes the same investment categories as the DS1 and DS3 services themselves. The DS1 and DS3 EFs are priced the same as the DS1 and DS3 special access services.

Transport (mileage) does not produce any independent investment components. Rather, it merely requires added investment to the underlying DS1 and DS3 service components, as the number of miles covered on a physical plane are increased and the number of wire centers the service passes through are increased.

Service

Investment Components

DS1 and DS3 EICT

coax cable and digital cross connect panel

DS1/DS3 Service
and DS1/DS3 Entrance
Facility (switched access)

fiber termination panels, fiber optic terminals, digital cross connect panels/systems, fiber, repeaters, performance monitoring/testing equipment

Transport (mileage)

includes the same investment components as DS1 and DS3, with the exception of monitoring/testing equipment

SHARP

additional fiber and distribution panel is added to the DS1/DS3 Service for this option

U S WEST DIRECT CASE REBUTTAL

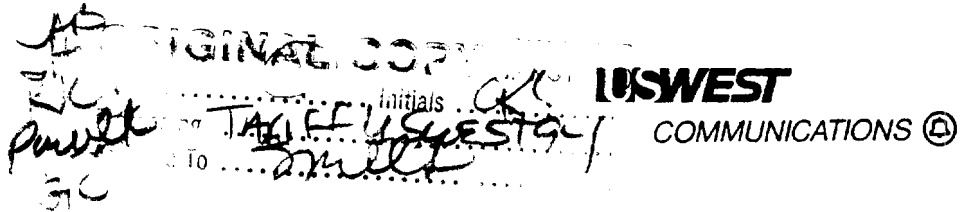
ATTACHMENT B

TRANSMITTAL NO. 530 OVERHEAD FACTORS

U S WEST Communications, Inc.
1801 California Street Room 4750
Denver, Colorado 80202
303 896-9874

C. Scott McClellan
Vice President - Public Policy
and External Affairs

September 1, 1994



Transmittal No. 530

Secretary
Federal Communications Commission
1919 "M" Street, NW, Room 222 SC1170
Washington, D.C. 20554

Attention: Common Carrier Bureau

The accompanying tariff material, issued on behalf of U S WEST Communications Inc. d/b/a U S WEST Communications (USWC) and bearing Tariff F.C.C. No. 5, effective as reflected on the attached tariff pages, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. This material consists of tariff pages indicated on the following check sheet(s):

Tariff F.C.C. No.
5

Check Sheet Revision No.
15th Revision of Page 0-1
4th Revision of Page 0-1.1
3rd Revision of Page 0-1.19
2nd Revision of Page 0-1.20

This filing is being made by USWC to change its existing Expanded Interconnection/Collocation (EIC) service to introduce standardized rate elements for vendor specific equipment rather than having the rates on an Individual Case Basis (ICB) as previously tariffed. This filing, which will be an "interim" filing, is being made pursuant to the FCC's Joint Motion For Partial Stay Of Mandate, filed with the United States Court Of Appeals For The District Of Columbia Circuit on August 9, 1994 in Bell Atlantic Telephone Companies, et al v. Federal Communications Commission & USA, No. 92-1619 (and consolidated cases) and in accordance with the Commission's Memorandum Opinion and Order (Order) in CC Docket No. 91-141 released July 25, 1994 and the Commission's Tariff Review Plan Order (TRP Order), DA 94-819, released July 25, 1994.

In order to establish standard rates for the vendor specific interconnector-designated equipment, USWC has contacted the various vendors of the equipment to obtain non proprietary prices. While USWC made every effort to secure this information prior to the tariff filing, it has not received all the non-proprietary cost information from the vendors prior to the required file date.

SEP 06 1994

Secretary
Transmittal No. 530
September 1, 1994
Page Two

Once the non-proprietary cost information has been received from the vendor, USWC will file tariff revisions to include the necessary tariff information to fully comply with the FCC's Order. USWC expects that this information will be available from the vendor, although no vendor has committed to a specific time frame, to allow USWC to file the tariff revisions during the week of September 12, 1994.

Attached is a copy of a Petition For A Temporary Waiver Or In The Alternative For An Extension Of Time Of Effective Date filed by USWC seeking a short term waiver of that portion of the Commission's Order as it is to be implemented under the terms of the Settlement and a letter from Mark Evans, Esq. to William E. Kennard, Esq., August 9, 1994. In the waiver, USWC requests that the Commission temporarily waive its September 4th effective date with respect to the need to provide cost and price information with respect to interconnector-designated terminating equipment; or in the alternative that the Commission grant USWC a limited extension of time in which to publish such rates, i.e., until such time as USWC has been provided the necessary information from which to determine the rate.

Under authority of Special Permission No. 94-1006, this "interim" filing is being made by USWC with an effective date of less than statutory notice. This filing is scheduled to become effective on September 3, 1994 and will remain in effect through December 14, 1994.

Supporting information discussed under Section 61.38 of the Commission's Rules is, to the extent applicable, included with this filing in the attached Description and Justification.

In accordance with Section 61.32(b), the original Transmittal Letter, the Federal Communications Commission Form 159 and the filing fee have been submitted to a courier service for delivery to the Treasury Department lockbox located at the Mellon Bank in Pittsburgh, Pennsylvania.

In accordance with Sections 61.32(a) and (c), the appropriate tariff pages and attachments are hereby delivered to the Secretary, Federal Communications Commission, their commercial contractor and the Chief, Tariff Review Branch. These actions have been committed on the date established as the issued/filed date as reflected above.

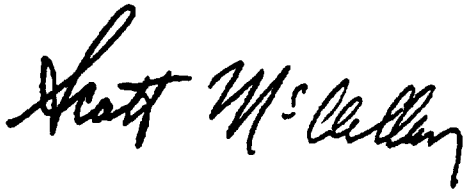
Secretary
Transmittal No. 530
September 1, 1994
Page Three

Acknowledgment and date of receipt of this filing are requested. A duplicate letter of transmittal is attached for this purpose.

All correspondence and inquiries in connection with this filing, including service copies of petitions, should be directed to:

Ms. Cyndie Eby
U S WEST, Inc.
1020-19th Street N.W. Suite 700
Washington, D.C. 20036
Phone (202) 429-3106
Facsimile (202) 296-5157

Respectfully,

A handwritten signature in black ink, appearing to read "Scott McCallum". The signature is fluid and cursive, with the first name "Scott" being more prominent and the last name "McCallum" following in a similar style.

Attachments:
Duplicate Letter
Tariff Page(s)
Description and Justification
Copy of Waiver

ATTACHMENT F

U S WEST

SERVICE BY SERVICE OVERHEAD FACTORS

SERVICE	PRICE/COST RATIO	CIRCUIT		ENTERANCE FACILITY			MILEAGE		
		PRICE	DIRECT COST	PRICE/COST RATIO	PRICE	DIRECT COST	PRICE/COST RATIO	PRICE	DIRECT COST
DS1	3.3939	\$525.92	\$154.96	1.5217	\$116.82	\$76.77	5.2320	\$409.10	\$78.19
DS3	2.3644	\$1,350.00	\$570.96	2.3644	\$1,350.00	\$570.96	0.0000	\$0.00	\$0.00